

## **Redcar Racecourse Limited**

Report of the Directors and  
Financial Statements  
for the year ended 31 December 2002

"Registrar of Companies Copy"

Registered Number: 9592



**ANDERSON BARROWCLIFF**  
Chartered Accountants

Redcar Racecourse Limited

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for the Year Ended 31 December 2002

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**Redcar Racecourse Limited**

**Company Information**  
**for the Year Ended 31 December 2002**

**DIRECTORS:**

J Hanson  
Mrs J Garrett  
Lord Ronaldshay  
P A Hill-Walker

**SECRETARY:**

J F Sanderson

**REGISTERED OFFICE:**

The Racecourse  
Redcar  
TS10 2BY

**REGISTERED NUMBER:**

9592

**AUDITORS:**

Anderson Barrowcliff  
Registered Auditor  
Chartered Accountants  
Waterloo House  
Teesdale South  
Thornaby on Tees  
TS17 6SA

**BANKERS:**

Barclays Bank  
Station Road  
Redcar

**SOLICITORS:**

Goodswens  
118 High Street  
Redcar  
TS10 3DJ

**Redcar Racecourse Limited**

**Report of the Directors**  
**for the Year Ended 31 December 2002**

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the holding of Race Meetings and the letting of part of the Racecourse for use as an Open-Air Market.

**DIRECTORS**

The directors during the year under review were:

J Hanson  
Mrs J Garrett  
Lord Ronaldshay  
P A Hill-Walker

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02
<b>Ordinary £5 shares</b>		
J Hanson	60	60
Mrs J Garrett	2,747	2,747
Lord Ronaldshay	70	70
P A Hill-Walker	71	71

**SMALL COMPANY EXEMPTIONS**

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

The auditors, Anderson Barrowcliff, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD:**



J F Sanderson - SECRETARY

Dated: 29 April 2003

**Redcar Racecourse Limited**

**Report of the Independent Auditors to the Shareholders of**  
**Redcar Racecourse Limited**

We have audited the financial statements of Redcar Racecourse Limited for the year ended 31 December 2002 on pages four to eleven. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

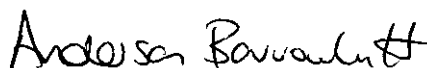
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Anderson Barrowcliff  
Registered Auditor  
Chartered Accountants  
Waterloo House  
Teesdale South  
Thornaby on Tees  
TS17 6SA

Dated: 6 May 2003

**Redcar Racecourse Limited**  
**Profit and Loss Account**  
**for the Year Ended 31 December 2002**

		2002		2001	
	Notes	£	£	£	£
<b>TURNOVER</b>			1,476,970		1,232,135
Cost of sales			1,098,300		1,062,412
<b>GROSS PROFIT</b>			378,670		169,723
Administrative expenses			519,970		419,149
			(141,300)		(249,426)
Other operating income			98,896		92,239
<b>OPERATING LOSS</b>	2		(42,404)		(157,187)
Income from investments		2,428		1,693	
Interest receivable and similar income		10,586		9,595	
			13,014		11,288
			(29,390)		(145,899)
Amounts written off investments	3		12,851		18,167
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(42,241)		(164,066)
Tax on loss on ordinary activities	4		3,000		-
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>			(45,241)		(164,066)
Dividends	5		1,600		1,600
			(46,841)		(165,666)
Retained profit brought forward			3,031,527		3,197,193
<b>RETAINED PROFIT CARRIED FORWARD</b>			£2,984,686		£3,031,527

The notes form part of these financial statements

**Redcar Racecourse Limited**

**Balance Sheet**  
**31 December 2002**

		2002		2001	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	6		3,114,629		3,175,607
Investments	7		27		27
			<u>3,114,656</u>		<u>3,175,634</u>
<b>CURRENT ASSETS:</b>					
Debtors	8	99,304		146,855	
Investments	9	45,170		66,686	
Cash at bank and in hand		422,597		251,833	
		<u>567,071</u>		<u>465,374</u>	
<b>CREDITORS:</b> Amounts falling due within one year	10	179,303		194,388	
<b>NET CURRENT ASSETS:</b>			<u>387,768</u>		<u>270,986</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u>3,502,424</u>		<u>3,446,620</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	11		(34,000)		(66,000)
<b>ACCRUALS AND DEFERRED INCOME:</b>	12		(251,375)		(136,566)
			<u>£3,217,049</u>		<u>£3,244,054</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	13		40,000		40,000
Other reserves	14		192,363		172,527
Profit and loss account			2,984,686		3,031,527
<b>SHAREHOLDERS' FUNDS:</b>			<u>£3,217,049</u>		<u>£3,244,054</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**ON BEHALF OF THE BOARD:**



P A Hill-Walker - DIRECTOR

Approved by the Board on 29 April 2003

The notes form part of these financial statements

**Redcar Racecourse Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**Turnover**

Turnover represents the gross receipts, excluding value added tax, from racing activities, including Horserace Betting Levy Board grants towards added money.

**Tangible fixed assets**

Depreciation is calculated so as to write off the cost of the fixed assets on either a straight line or reducing balance basis over the expected useful lives of the assets concerned.

The following is a summary of the principal annual rates used for this purpose, which are consistent with those of the previous years unless otherwise stated:-

No depreciation has been charged on that part of the costs of the stands and buildings which was met from the special grants and contributions from the Horserace Betting Levy Board and the Horserace Totalisator Board. Stands and buildings after deducting grants relating thereto are being written off on a straight line basis at rates between 1.6% and 2.5%

Plant, machinery, vehicles and fittings are being written at a rate of 25% on a reducing balance basis.

Freehold land is not depreciated.

**Deferred tax**

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

**Capital Grants**

Capital grants are received from the Horserace Betting Levy Board in respect of capital expenditure.

Capital grants received are taken to the grant account. Credits are made to the profit and loss account by annual installments over a period of years which, on average matches the period over which the relevant fixed assets are depreciated.

**Investments**

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Current asset investments are stated at cost less provision for any permanent diminution in value. For listed investments, market value is based on the closing middle market price.

Dividends are brought to account in the profit and loss account when received.

**Deferred Income**

Gross revenue for the first five years of a Media Rights Agreement has been ascertained and will be recognised in the profit and loss account evenly over the first five years of the contract. The balance of the funds received but not credited to the profit and loss account are included in the balance sheet as deferred income.



**Redcar Racecourse Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

**2. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	2002	2001
	£	£
Depreciation - owned assets	87,589	88,754
Loss on disposal of fixed assets	-	746
Auditors' remuneration	4,500	4,000
Amortisation of capital grants	(10,164)	(17,042)
	<u>6,100</u>	<u>6,100</u>

**3. AMOUNTS WRITTEN OFF INVESTMENTS**

	2002	2001
	£	£
Written off in year	12,851	18,167

**4. TAXATION**

**Analysis of the tax charge**

The tax charge on the loss on ordinary activities for the year was as follows:

	2002	2001
	£	£
Current tax:		
UK corporation tax	3,000	-
Tax on loss on ordinary activities	3,000	-

**5. DIVIDENDS**

	2002	2001
	£	£
Final	1,600	1,600

**Redcar Racecourse Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

**6. TANGIBLE FIXED ASSETS**

	Freehold Property	Leasehold Property	Plant and machinery	Totals
	£	£	£	£
<b>COST:</b>				
At 1 January 2002	8,466	4,057,293	719,778	4,785,537
Additions	-	-	26,611	26,611
At 31 December 2002	8,466	4,057,293	746,389	4,812,148
<b>DEPRECIATION:</b>				
At 1 January 2002	-	983,974	625,956	1,609,930
Charge for year	-	57,479	30,110	87,589
At 31 December 2002	-	1,041,453	656,066	1,697,519
<b>NET BOOK VALUE:</b>				
At 31 December 2002	8,466	3,015,840	90,323	3,114,629
At 31 December 2001	8,466	3,073,319	93,822	3,175,607

Included in land and buildings is freehold land valued at £8,466 (2001 - £8,466) which is not depreciated.

	2002	2001
	£	£
Analysis of net book value of land and buildings:		
Freehold Land	8,466	8,466
Stands & buildings	3,015,840	3,073,319
	3,024,306	3,081,785

**7. FIXED ASSET INVESTMENTS**

	£
<b>COST:</b>	
At 1 January 2002	
and 31 December 2002	27
<b>NET BOOK VALUE:</b>	
At 31 December 2002	27
At 31 December 2001	27
	2002
	£
Unlisted investments	27

**Redcar Racecourse Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

**8. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
V.A.T.	21,793	5,639
Trade Debtors	54,988	115,370
Other Debtors	4,286	6,429
Prepayments	18,237	19,417
	<u>99,304</u>	<u>146,855</u>

**9. CURRENT ASSET INVESTMENTS**

	2002	2001
	£	£
Listed Investments	<u>45,170</u>	<u>66,686</u>

Market value of listed investments at 31 December 2002 - £44,383 (2001 - £65,294).

**10. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Bank loans and overdrafts	32,000	30,000
Trade Creditors	69,744	46,847
Other Creditors	-	165
Dividend proposed	1,600	1,600
Social Security & Other Taxes	1,370	367
Taxation	3,000	-
Accrued Expenses	71,589	115,409
	<u>179,303</u>	<u>194,388</u>

**11. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	2002	2001
	£	£
Bank loans	<u>34,000</u>	<u>66,000</u>

Horse Betting Levy Board Loans (Interest Free Loans)

The terms of repayment are as follows:-

Loan of £75,000 received in 1998 repayable by three half yearly installments of £6,000 each commencing on 2 January 1999, followed by three half yearly installments of £7,000 each and a further four half yearly installments of £9,000 each.

Loan of £70,000 received in 2000 repayable by two half yearly installments of £5,000 each commencing on 1 January 2001, followed by two half yearly installments of £6,000 each, two half yearly installments of £7,000 each, two half yearly installments of £8,000 each and finally two installments of £9,000 each.

**Redcar Racecourse Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

**12. ACCRUALS AND DEFERRED INCOME**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Deferred Media Rights		
Brought forward	<b>136,566</b>	-
Received in year	<b>256,967</b>	<b>192,801</b>
Released in year	<b>(142,158)</b>	<b>(56,235)</b>
	<b><u>251,375</u></b>	<b><u>136,566</u></b>

In 2002 the company received £256,967 in respect of the second instalment of the Media Rights Agreement. The amounts received are being released to the profit and loss account annually throughout the five year period of the initial contract. Amounts not yet released to the profit and loss account are included in the balance sheet as deferred income.

**13. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	<b>2002</b>	<b>2001</b>
		value:	<b>£</b>	<b>£</b>
8,000	Ordinary	£5	<b><u>40,000</u></b>	<b><u>40,000</u></b>
Allotted and issued:				
Number:	Class:	Nominal	<b>2002</b>	<b>2001</b>
		value:	<b>£</b>	<b>£</b>
8,000	Share Capital 1	£5	<b><u>40,000</u></b>	<b><u>40,000</u></b>

**14. OTHER RESERVES**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Brought forward	<b>172,527</b>	<b>131,485</b>
Capital grants received in the year	<b>30,000</b>	<b>58,084</b>
Capital grants credited to the profit and loss account	<b>(10,164)</b>	<b>(17,042)</b>
	<b><u>192,363</u></b>	<b><u>172,527</u></b>

**Redcar Racecourse Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

**15. CONTINGENT LIABILITIES**

a) Various Grants and Contributions received by the company from the Horserace Betting Levy Board and the Horserace Totalisator Board are subject to a number of agreements under the terms of which a reducing proportion of the amounts received is repayable if any of certain events detailed in the agreements (including the cessation of regular horsemeetings on the Company's Racecourse) should occur.

At 31 December 2002 the liability of the company for repayment of the Grants and Contributions would have been £11,534.

b) All amounts due to the building contractors in respect of the major construction projects completed in 1991 and 1992 have been paid in accordance with our Architects instructions. The contractors, BRIMS, are now in receivership and the Receiver is alleging that further monies are due but no formal claim has been lodged. Our architects are vigorously contesting this matter and advise the directors that in their opinion there are no further liabilities.

c) Media Rights Agreement

Under the Attheraces contract there are a number of events that can trigger the early termination of either the entire contract, or termination of the contract with the course alone. These events include breach, insolvency, force majeure, adverse legislative change and regulatory interference.

In the event of an early termination a rebate may be payable by the Company to Attheraces. The rebate would be payable from future revenues, provided they are generated from the sale of rights currently granted to Attheraces.

In the event that the total number of races cancelled in one year across all the courses that are party to the agreement equals or exceeds 7% of the total "value" of races (calculated by reference to the UK Off Course betting revenue percentages) then Attheraces is entitled to a refund of part of the Fees paid. The refunds are deductible by Attheraces from the Fees payable for the next year, but if the cancellations arise in the last year of the agreement the RCA, as agent for the courses, is obliged to repay the monies to Attheraces. The rebate would be split between courses in accordance with the course income distribution formula. For the purposes of this calculation the year runs from 1 July to 30 June.

**16. CAPITAL COMMITMENTS**

	2002	2001
	£	£
Contracted but not provided for in the financial statements	<u>57,098</u>	<u>-</u>

**17. HORSERACE BETTING LEVY BOARD**

Capital credit balances of £105,135 are available at 31 December 2002 for the finance of approved schemes to improve facilities or for the repayment of Levy Board loans ( 2001: £59,804). The capital credit scheme is due to end on 31 March 2003 and all capital credits must be drawn down by that date.